Sales Ratio Analysis

Carol Johns

Everett Davis

10/18/2009

Process Submission

- Pivot Table
- Ratio Study
- Narrative
- Analysis Worksheet
- Workbook

RATIO STUDY

- Number of Years used in Study
- Information used on checklist
- Review ratios / check if range of IAAO standards

Other Issues to be checked by DATA

- Data must be compliant

- Must pass Mann Whitney test

- Must pass Spearman Rank Test

Review Ratio Study

- Verify counties computations
- Median (.90 to 1.10)
- Coefficient of Dispersion (15 for Res Imp, 20 for all other)
- Price Related Differential (.98 to 1.03)
- Also need to compute:
  - Mean
  - Weighted Mean
  - Count

Studies must have five (5) Sales to be considered valid

Median & Mean

- Median is the middle number in an array
  - Example: 2,4,6,8,12
  - Median is 6
- Mean is average
  - Example: 2,4,6,8,12
  - Mean is 6.40

Coefficient of Dispersion (COD)

- Measures the amount of variance from the median

- Similar to COV

- COV uses Mean, COD uses Median

COD STEPS

- Compute Average Deviation
  - Absolute value of a ratio & the Median
  - All deviations of all ratio & Compute Average
  - Divide by Median
  - Times 100

    COD

Analyze Results Of Ratio Study

- Complete Analysis Worksheet
- Are ratios compliant to IAAO standards?
- Are enough valid sales used?

PRD Steps

- Compute Mean (Average of ratios)

- Compute Weighted Mean
- Total of assessed values / total sales price

- PRD = Mean divided by Weighted mean

Other Checks

- Check sample of ratio values to workbook values

Completion

- If problems found in any test , complete checklist and e-mail to County Assessor